

Introduced by

Senators Piepkorn, Bakke, Grabinger

Representatives Boschee, Jones, Schneider

1 A BILL for an Act to amend and reenact section 57-51.1-02 of the North Dakota Century Code,
2 relating to the oil extraction tax rate; and to provide an effective date.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 57-51.1-02 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-51.1-02. Imposition of oil extraction tax.**

7 There is hereby imposed an excise tax, to be known as the "oil extraction tax", upon the
8 activity in this state of extracting oil from the earth, and every owner, including any royalty
9 owner, of any part of the oil extracted is deemed for the purposes of this chapter to be engaged
10 in the activity of extracting that oil.

11 The rate of tax is ~~five~~six and one-half percent of the gross value at the well of the oil
12 extracted. However, if the average price of a barrel of crude oil exceeds the trigger price of
13 ninety dollars for each month in any consecutive three-month period, then the rate of tax on oil
14 extracted from all taxable wells is six percent of the gross value at the well of the oil extracted
15 until the average price of a barrel of crude oil is less than the trigger price of ninety dollars for
16 each month in any consecutive three-month period, in which case the rate of tax reverts to five-
17 percent of the gross value at the well of the oil extracted. By December thirty-first of each year,
18 the tax commissioner shall determine an indexed trigger price under this section by applying to
19 the current trigger price an adjustment equal to the percentage rate of change of the producer-
20 price index for industrial commodities as calculated and published by the United States
21 department of labor, bureau of labor statistics, for the twelve months ending June thirtieth of that
22 year and the indexed trigger price so determined is the trigger price for the following calendar
23 year.

1 For purposes of this section, ~~"average price"~~ of a barrel of crude oil means the monthly
2 average of the daily closing price for a barrel of west Texas intermediate cushing crude oil, as
3 those prices appear in the Wall Street Journal, midwest edition. When computing the monthly
4 average price, the most recent previous daily closing price must be considered the daily closing
5 price for the days on which the market is closed.

6 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
7 December 31, 2019.